

Don't Cut the Advertising Budget!

As President/Owner of St. Michaels Marina, LLC I am fully aware of the importance of tourism to my business and to almost all businesses in our town. We are all trying to recover from a terrible year and are looking forward to 2021 and the return of tourists in great numbers. Therefore, I am very troubled to have found out that the advertising budget that is used to promote our town as a tourist destination may be cut by 70%. Instead of such a drastic cut, we should consider an accretive expansion to that budget over time. Please consider the following:

1. Now is not the time to cut advertising. People are starting to travel again, and we need to remind our regulars to come back and to convince new visitors to come here. They may be attracted elsewhere. Our neighbors are all making big changes to promote their tourist industries and may well steal our business. (See Attached Consider the Competition for Details).
2. Even if most of our repeat customers do come back, without advertising we won't be getting new visitors. This is a recipe for disaster. If our repeat visitors slowly move on to other destinations over time, or don't return at all for other reasons, we won't have new ones to replace them. This is a consequence of the inevitable likelihood of attrition, and without advertising our business can only shrink.
3. All of our businesses struggled in 2020 (Covid Pandemic) and we really need to have a good year in 2021 to recover. Please get aggressive and bring us new visitors. Our advertising budget is like a Vaccine to keep our businesses healthy. Don't scrimp on it.

There is considerable evidence that cutting advertising and promotions will likely result in a severe loss of business, even if there has been a long history of success. Most Travel Industry professionals agree – Resting on ones laurels and expecting to retain business without advertising is unwise. One only needs to look at the experience of states that have reduced or eliminated their tourism marketing efforts to understand risk of drastic cuts in advertising. States that have drastically cut or eliminated their investment in travel promotion have experienced immediate and long-term negative economic impacts and saw their visitors, jobs, and tax revenues go elsewhere.

Although the following examples are primarily about states, the same principles apply:

Carrie Berkbuegler, in a 2020 article entitled “Why Cutting Your Advertising Budget When Times are Tough is a Bad Idea,” published in the Missouri Marketing Resource Blog, said “During tough economic times, it might seem logical to make cuts to your advertising budget, but in reality, that's not a sound idea, as it actually hurts your business. An effective advertising strategy should actually help you increase sales.”

A 2019 article by Travel Earth, a noted travel industry source, noted “Advertising is one of the most important factors that help the tourism industry to generate tourists...”

Andrew Levine in a 2015 Forbes article entitled “Why Tourism Advertising Is More Powerful Than You Think,” said a 25-year study of tourist advertising campaigns in multiple states concluded that effective tourism advertising generated significant economic impact by not only driving visitation but also by stimulating broader economic development in each state.

Advertising dollars often produce an excellent ROI. It has been documented that usually produce an excellent rate of return. Often each dollar spent on tourism advertising brings in hundreds more in tourist business. A 2010 study called “Measuring Return On Investment of Tourism Marketing – A Review of Sixteen State Tourism Offices” by the University of Minnesota, concluded that ROI estimates of visitor spending per advertisement dollars ranged from \$48.53/dollar spent (Michigan) to \$305.00/dollar spent (California), with an average of \$122.80/dollar spent and a median of \$123/dollar spent. I’m sure we can all agree that is a tremendous “Bang for your Buck!”

Colorado drastically cut its advertising and promotions budget to zero from \$12 million in 1993 and the state’s largest-in-the-nation share of U.S. tourists dropped to 17th place costing Colorado \$2 billion in lost revenue a year until tourism marketing was revived in 2000.

Tourism Industry experts and professionals agree. They are adamant about the need for advertising to promote and grow tourism. U.S. Travel Association President/CEO Roger Dow, said, “A number of states have made ill-advised cuts to their tourism offices and that the economic consequences of this risky, discredited experiment are swift, severe and can take decades to recover from,” despite what some on the Board may believe.

A few years ago VISIT FLORIDA (the Florida Tourism Industry Marketing Corporation), was facing drastic budget cuts to the point of extinction. Its critics claimed that VISIT FLORIDA spending had little demonstrated effect on tourism, and that visitors would keep coming with or without advertising. Does this sound familiar? Most experts disagree. For example, research produced by Florida Tax Watch, a taxpayer research institute & government watchdog, maintained that continuous, targeted investment into Florida’s tourism industry was critical to success and strongly advocated that the funding of tourism marketing and promotion continue.

The experts agree. When you cut advertising, no matter how popular you may be, entropy sets in and you will lose business. “Out of Sight – Out of Mind!” It would be reckless to try to rest on our laurels. Wisdom tells us that if you don’t move forward, you will move backward. There is no middle ground. The tourist landscape is littered with examples of once popular destinations that got cocky, tried to save a buck and cut their advertising budget on the mistaken notion that they didn’t need it anymore. They believed that they were already popular, and visitors would continue coming without the need to advertise. They were sorely mistaken.

As a popular adage says, “When times are good, you should advertise. When times are bad, you must advertise.” Here are two examples of businesses that failed to heed those words.

1. In the 1990-91 recession, Pizza Hut and Taco Bell took advantage of McDonald’s decision to drop its advertising and promotion budget. As a result, Pizza Hut increased sales by 61%, Taco Bell sales grew by 40% and McDonald’s sales declined by 28%.
2. In the 1920’s, Post was the category leader in the ready-to-eat cereal category but significantly cut back its advertising budget during the Depression, while rival Kellogg’s doubled its advertising spend. Kellogg’s profits grew by 30% and the company became the category leader, a position it has maintained for decades.

PLEASE DON’T CUT THE ST. MICHAELS ADVERTISING BUDGET! 2020 was an aberration. People are ready to travel again, and we need your help to bring them back to our town in 2021. Thank you for your time and consideration,

Michael T. Morgan, President
St. Michaels Marina, LLC

To: Kimberly Weller
Subject: RE: Communications Budget

Jean R. Weisman
Town Manager

The Commissioners of St. Michaels
P.O. Box 206
St. Michaels, Md 21663
jweisman@stmichaelsmd.gov
Office- 410-745-9535
Cell- 410-924-7618
Fax 410-745-3463

From: Kimberly Weller <kweller@stmichaelsmd.gov>
Sent: Tuesday, April 27, 2021 12:09 PM
To: David Breimhurst <dbreimhurst@stmichaelsmd.gov>; Tad duPont <tdupont@stmichaelsmd.gov>; Jaime Windon <jwindon@stmichaelsmd.gov>; Joyce Harrod <jharrod@stmichaelsmd.gov>; Mike Bibb <mbibb@stmichaelsmd.gov>
Cc: jweisman@stmichaelsmd.gov <jweisman@stmichaelsmd.gov>; kathyEglseder@stmichaelsmd.gov <kathyEglseder@stmichaelsmd.gov>
Subject: Communications Budget

Hello.

Here is the breakdown for the last three fiscal years budget expenditures for communications.

	FY19	FY20	FY21YTD
Print Advertising	\$67,241*	\$73,808*	\$52,627*
Broadcast/TV	10,900	8,595	2,702
Broadcast/Radio	10,311*	6,931*	0.00
Visitor's Guides	6,566	9,586	3,530
Online Advertising	50,259	6,450	6,348
Social Media/CC	1,003	1,995	950
MML/Tourism	1,987	1,620	
Shakespeare	2,108	2,108	
Other	<u>2,962</u>	<u>1,787</u>	<u>2,094</u>
	\$146,862	\$112,880	\$68,251

*With print and radio advertising, there is often an online component as part of the deal.

Note: Other is expenses for MML, Tourism conference, Adobe software, Cloud storage, Dropbox, internal mailings, etc. Copies of spreadsheets attached.

Please feel free to ask questions today. I will be available until the meeting.

From: Jennifer Smith <jensmithrbp@gmail.com>
Sent: Tuesday, April 27, 2021 11:24 AM
To: Jean Weisman; Jamie Windon; David Briemhurst; Joyce Harrod; Tad Dupont; Mike Bibb
Subject: The Galley Restaurant - Advertising Budget Cuts

Dear Jean and St. Michaels Commissioners,

I am writing to you in regards to the meeting that took place on Thursday, April 15th regarding the live music/noise ordinance at Foxys restaurant between Commissioners DuPont, Briemhurst, Walda DuPriest, Dan Spiegle, Terye Knopp and myself.

I would like to be perfectly clear that there was no discussion whatsoever regarding the town's budget or decreasing the marketing budget by 70%. The commissioners never asked my opinion or my approval involving advertising budget cuts. Furthermore, no information was shared regarding the profitability of my business with any of the attendees. Our conversation was strictly concerning the noise level and the impact on businesses and residents.

In addition, my name and my business was misrepresented in the budget meeting held on April 16th 2021. Commissioners DuPont and Briemhurst indicated on several occasions that I would not have a problem with cutting the advertising budget by 70%. This is completely false and untrue. I would like the Commissioners, citizens and business owners to know that these were false statements. I have watched this meeting 3 times and I firmly believe that an apology to Jaime is in order.

Let me also be abundantly clear that I am completely against the reduction of the town's advertising budget regardless of the amount. I have been in the Automotive Advertising Industry for over 20 years and I would be the last person to approve such a change. As the Vice President for a major advertising firm in Los Angeles as well as the Chief Marketing Officer for a major digital marketing company, I can assure you that my professional opinion would be in fact to increase the budget as we come out of this past year of shut downs and restrictions. Our town needs to be top of mind in order to continue the brand loyalty that we have continued to build over the past few years. There is increased competition for visitors both locally and abroad, therefore we must do everything possible to ensure consumer awareness. Kim Weller has done a fantastic job working with the town and Talbot County to reach target market areas. I am in support of her continued efforts to grow our tourism business.

Respectfully,

Jennifer Smith
The GALLEY Restaurant

jweisman@stmichaelsmd.gov

From: Kimberly Weller <kweller@stmichaelsmd.gov>
Sent: Thursday, April 22, 2021 11:49 AM
To: jweisman@stmichaelsmd.gov
Cc: Jaime Windon
Subject: Fwd: Budget Cut

FYI.

Thank you.

Kimberly Weller
Communications Manager

Town of St. Michaels
300 Mill St. P.O. Box 206
St. Michaels, MD 21663
www.stmichaelsmd.gov
Working remotely:
410-924-0585 (cell)

Begin forwarded message:

From: <arthur@awfularthurs.com>
Subject: Budget Cut
Date: April 22, 2021 at 11:56:37 AM EDT
To: <jwindon@stmichaelsmd.gov>
Cc: "Kimberly Weller" <kweller@stmichaelsmd.gov>

Good Morning Jamie, I watched the Zoom meeting this week on the proposed Budget cuts to the advertising budget.

First, this is a drastic amount to cut out of the budget (70% \$100,000) especially after coming off of last years shutdown/restrictions.

I agree with Michael Morgan's email that this is not the time to cut tourism advertising and it's my understanding that three of the commissioners do not have a business in the town so whatever they propose will not have any financial bearing on them. Please have the commissioners rethink this measure and the effects it could have on our businesses.

TOURISM IS THE INDUSTRY THAT RUNS THE TOWN OF ST. MICHAELS!!!!

Thanks for your consideration,

Arthur Webb

Awful Arthur's Seafood Company

jweisman@stmichaelsmd.gov

From: Kimberly Weller <kweller@stmichaelsmd.gov>
Sent: Thursday, April 22, 2021 11:43 AM
To: jweisman@stmichaelsmd.gov
Subject: Fwd: Proposed surveys

Margaret has worked at the Star Democrat and WCEI for many years and she sent me this interesting information. Share with the Commissioners?

Thank you.

Kimberly Weller
Communications Manager

Town of St. Michaels
300 Mill St. P.O. Box 206
St. Michaels, MD 21663
www.stmichaelsmd.gov
Working remotely:
410-924-0585 (cell)

Begin forwarded message:

From: Margaret lovino <miovino@forevermediainc.com>
Subject: Proposed surveys
Date: April 22, 2021 at 11:38:34 AM EDT
To: Kim Weller <kweller@townofstmichaels.org>

I minored in marketing in college and am 3rd generation marketer in my family. Have worked on local media for 15 years.

The survey proposed at the commissioners meeting "where did you hear about us" is notoriously inaccurate and misleading . Their personal surveys clearly are invalid just based on sampling

<https://www.forbes.com/sites/serenitygibbons/2019/04/27/why-your-customer-surveys-are-probably-inaccurate/?sh=4a1689865bfe>

<https://www.spectruminc.com/blog/p.160714002/asking-where-did-you-hear-about-us-hurts-your-roi-heres-why/>

Also, branding advertising over the years is cumulative - studies have shown that companies and organizations who drop their branding marketing hurt their futures, and have sales plummet in future years, when they are outdone by their competitors who kept it up. (these studies were done in relation to recessions and companies who kept up their advertising v those who went dark. - post recession those who dropped their advertising sales fell below pre recession levels) .

"Social media" as solution is amateurish take from people who haven't studied actual details. "Social media" also currently has very bad rep.

Sent from my iPhone

Margaret P lovino
Forever Media of MD, LLC
96.7 WCEI-FM / 94.3 WINX-FM
Account Executive
[306 Port Street](#)
[Easton, MD 21601](#)
[C \(443\)-786-2065](#)
miovino@forevermediainc.com

jweisman@stmichaelsmd.gov

From: Simpatico, Italy's Finest <simpatico1@verizon.net>
Sent: Wednesday, April 21, 2021 11:26 PM
To: jweisman@stmichaelsmd.gov
Cc: jwindon@stmichaelsmd.gov; smbamd@gmail.com
Subject: Marketing/Ad Budget Proposed Reductions

Hi,
I just wanted to write you, and I know many others have and will be as well, about the proposed cuts to the Marketing and advertising budget for the town.
I watched the entire video and was very surprised to hear the discussions and the budget cuts proposed. I echo every business owner's sentiments that have been expressed that I disagree with the proposed drastic cuts. In today's world there are so many outlets people are reading and getting their info from it is a major challenge to cover all bases to reach our target audiences. Kim has been doing a great job at fine tuning the plans each year and creating great results along with partnering with Cassandra as well. I am sure when Kim presents the details requested in the meeting on what was spent and where, etc., all Commissioners will see and understand the need to continue funding the budget with no decreases. As Michael Morgan pointed out, there are many towns in our area competing for the same visitors and now, especially in the wake of coming out of the pandemic, is definitely not the time to decrease our advertising. I know there are many biz owners who will be happy to join the next meeting that the budget will be discussed to voice concerns on this topic..
Thank you!

Ciao for now,
Bobbi Parlett
Owner
Simpatico, Italy's Finest
PO BOX 809
104-106 Railroad Ave.
St. Michaels, MD 21663
410-745-0345 Shop
610-209-5409 Cell/Text

jweisman@stmichaelsmd.gov

From: Kristen Greenaway <kGreenaway@cbmm.org>
Sent: Wednesday, April 21, 2021 5:16 PM
To: Jean Weisman
Cc: Kimberly Weller; mhoffmann@perrycabinresorts.com; Cassandra Vanhooser
Subject: Possible cut in TOSM advertising

Jean, on behalf of CBMM, for TOSM's commissioners:

CBMM is shocked with the TOSM Commissioners' suggested reduction of advertising spending from \$140,000 to \$40,000 in the proposed FY2022 budget, and that this is even under consideration, especially ahead of what could be a period of significant recovery for St. Michaels. Safety protocols have been in place for a year—why would the Commissioners now wish to limit the number of visitors?

The concept of "everyone knows us already" brand recognition is, more accurately, the result of multi-layered marketing efforts and investment on the part of TOSM, CBMM, Inn at Perry Cabin, Talbot County, and Maryland Tourism, among others. Even more frustrating and short sighted is that the continued efforts and expenditures of all these organizations (minus TOSM) will temporarily mask the real impact of such drastic cuts.

Kristen

Kristen L. Greenaway
President & CEO
Chesapeake Bay Maritime Museum
213 N. Talbot St.
St. Michaels, MD 21663
+1-410-745-4955



From: terye knopp <teryeknopp@gmail.com>
Sent: Wednesday, April 21, 2021 4:49 PM
To: jweisman@stmichaelsmd.gov
Subject: Tourism budget cut proposal

Dear Jean and St. Michaels Commissioners,

I am writing to share my concern over the proposed advertising budget cut. My understanding is we are already running on a reduced budget. I do not see how reducing the budget to \$40,000 is going to be anything but detrimental to our town and makes it clear that there is not a understanding of what the tax dollars do for our businesses and residents. St.Michaels is not a "household" word but it is a destination worthy of our advertising dollars, to keep us at the forefront of tourism and to attract the affluent travelers that we desire. It takes targeted marketing and advertising for us to hold and grow our position as a travel destination. Many of our residents and homeowners came here as travelers before moving to St. Michaels permanently. What is the attraction for these new residents? It's that St. Michaels is the whole package, dining, shopping, B&B's, 5 star hotels, museums, breweries, distilleries , water sports, marinas, our St. Michaels history and the list goes on. It takes all of these elements of St. Michaels to be a viable tourist destination.

There is mass expansion and growth going on within 20 miles of us in every direction ,hotels, new marinas, main street projects. We must hold our position and move forward and we cannot do that with a 75% cut in our tourism budget.

Sincerely, Terye Reese Knopp Owner Foxy's Harbor Grille

As to the open discussion concerning the noise ordinance held Thursday, April 15, 2021 at my restaurant between Commissioners DuPont and Breimhurst , Walda DuPriest , Dan Spiegle, Jen Smith and myself, the topic of conversation only contained discussion and solutions on the noise ordinance. During this meeting the Commissioners did not use the words such as : budget, making a profit, advertising or budget cuts. The Commissioners never asked the opinion or my approval involving advertising budget cuts. My conversation was strictly concerning noise and how to accommodate businesses and residents in harmony. My name and my business was grossly misrepresented in the budget meeting held Friday April 16, 2021 and I would like it removed or known that I did not comment on any item to do with the budget. Terye Knopp



April 21, 2021

Commissioners of St. Michaels
300 Mill Street
St. Michaels, MD 21663

Dear Commissioners,

The context of your conversations on reducing the Marketing & Advertising budget for the town has been brought to my attention. A reduction of the 2019 dollars spent from \$150,000 to \$40,000 in 2021, is a 74% reduction coming out of a pandemic, is entirely incomprehensible and shows a lack of appreciation and understanding of what these dollars do for our town.

These funds build, re-enforce and re-state our positioning in the marketplace and in turn drive traffic to our destination through social media, press, advertising and stimulate word of mouth referrals, it is the lifeline of our communities' businesses. We are not just another town on the Chesapeake Bay, we have established St. Michaels as a destination worthy of a visit.

As the owner/operator of your largest bed tax contributor 57% in 2020 and 60% in 2019, I urge you to look at savings that will not impact our town adversely in the long term. What makes St. Michaels what it is today, is the result of strong positioning through marketing and well-placed advertising. Continued efforts on these fronts are essential to maintain our destination for years to come.

This is a short-term gain with long term repercussions for all of us. I am happy to meet with any of you to review our concerns in person as it will impact the economic vitality of St. Michaels.

Sincerely,

Michael B. Hoffmann
Managing Director

To: John Griep
Subject: RE: Town budget and accommodations tax

John-

Answers are below in red. I am treating your email as a PIA request.

Jean R. Weisman
Town Manager

The Commissioners of St. Michaels
P.O. Box 206
St. Michaels, Md 21663
jweisman@stmichaelsmd.gov
Office- 410-745-9535
Cell- 410-924-7618
Fax 410-745-3463

From: John Griep <john@spycommunitymedia.org>
Sent: Tuesday, April 20, 2021 1:00 PM
To: jweisman@stmichaelsmd.gov
Subject: Town budget and accommodations tax

Good afternoon Jean.

I am writing to request some information about the proposed FY22 budget and the accommodations tax.

For the FY22 budget, has a budget bill been introduced by the commissioners? If so, would you please send me a copy or point to its location on the town website? **Draft following 4/16/21 attached**

Has a hearing date and time for the FY22 budget been set? The hearing date has not been set. We are waiting on the cost of outsourcing trash before the next worksession. If I get the cost in the next day or so, we will have another work session on Thursday at 5, if the cost doesn't come in we will schedule the next meeting once we have the costs that the Commissioners are looking for. Per the Charter, we will have to advertise the public hearing on the budget 6 days prior to the hearing.

For FY19, FY20, and FY21 (YTD or six-month numbers if available), would you please provide:

- the town's accommodations tax revenue and how that revenue was spent (by budget categories or departments, such as tourism, police, public works, etc.)?
- any memos, worksheets, or other correspondence showing the breakdown of accommodations tax revenue that is not spent directly on tourism (in the recent budget work session, there was mention of a 2017 document)?

Revenue

FY2019 Accommodations- \$594,976

FY2020 Accommodations- \$457,387

FY2021 Accommodations- 2 quarters- \$357,805

Expenditures

25% goes directly to advertising

5% goes directly to the Fire Department

The Balance is used through the budget to help support the cost of tourism to the town, ie. Personnel, restroom maintenance, weekend trash pickup, a small portion of dump fees, park maintenance, a portion of Liability Insurance, infrastructure repairs and maintenance, a portion of capital improvements, etc. The document that was mentioned from 2017 that you referred to is an unofficial hand written worksheet that I prepared in 2017 as an example of the cost of tourism in St. Michaels

Thank you for any assistance you can provide.

John Griep

The Talbot Spy

410.463.6135 (cell)

jweisman@stmichaelsmd.gov

From: Bradley Dress <bdress@chespub.com>
Sent: Tuesday, April 20, 2021 12:46 PM
To: jweisman@stmichaelsmd.gov
Subject: Star Democrat

Good afternoon,

I am working on a couple stories that I was hoping you could help me out with.

The first is about the new recusal policy the St Michaels Commissioners are discussing.

There was an incident in March that Tad DuPont referenced that I would like to include in the article. I believe it was about his property and his self-recusal from a town vote on the matter. I was curious if you could tell me more about that incident and what the complaint was that he was referring to?

I am also looking into St. Michaels' potential decision to cut some money from the advertising budget. I believe Mr. DuPont is an advocate for the cut. Would you mind reaching out to him or any other commissioner to see if they would like to comment on this potential decision?

Thank you for your time and let me know what you can do; if I can clarify anything, please ask.

Best Regards,

Brad Dress
Star Democrat Staff Writer
410-463-9883

jweisman@stmichaelsmd.gov

From: Bradley Dress <bdress@chespub.com>
Sent: Tuesday, April 20, 2021 12:46 PM
To: jweisman@stmichaelsmd.gov
Subject: Star Democrat

Good afternoon,

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Thank you for your time and let me know what you can do; if I can clarify anything, please ask.

Best Regards,

Brad Dress
Star Democrat Staff Writer
410-463-9883

CONSIDER THE COMPETITION

We are all in this together. Our town government, our local marinas, other harbor-based businesses, and the business community at large need to do more. Our geographic competition is not standing still.

Most of our competitors are expanding and upgrading their infrastructures and tourist attractions. Many already offer fuel dock services in their harbors, which makes them even more competitive with us. The boating community is well aware of this, and we are likely to lose tourist business to these locations if we remain static.

- ☑ Kent Island is 12 nautical miles from St. Michaels and is undergoing a massive Development Phase. They already have three hotels, and another, Hyatt Place (a 120-room waterfront full-service hotel with a 44-slip marina), will open in the spring of 2022. It will have multiple restaurants and other guest amenities.
- ☑ Kent Island also added a boatel, and it was so popular they are building a second one. The Bay Bridge boat show is growing bigger. All of this will take business from us! In fact, there are many more hotel rooms in Kent Island alone than in St. Michaels and maybe even in all of Talbot County.
- ☑ The Bay Bridge boat show is growing larger each year, drawing business from both sides of the Bay, with the infrastructure and amenities to support it.
- ☑ Hemingway's spent \$2 million on a complete rebuild, and the new Inn at Chesapeake and Knoxies Table are already getting great reviews.
- ☑ The newly established Cambridge Waterfront Development Inc. (CWDI) is in the planning phase for a dynamic mixed-use complex along the waterfront which will be visible and accessible to passing beach traffic and tourists. Cambridge is also finishing up the repurposed Phillips Packing House project, adding incentives for businesses to relocate to new and innovative spaces. The River Marsh Marina at the Hyatt Regency Chesapeake Bay Resort continues to be a gateway to the area. It includes a fuel dock and offers guests countless areas to explore as well as a free shuttle into town to explore the many shops and restaurants.
- ☑ The City of Annapolis announced a \$50 million City Dock Waterfront/Tourism Renovation Project slated to finish in 2024 (see article by Brooks Dubose in the Capital Gazette of October 29, 2019). This project includes flood barriers, copious green spaces, mixed-use areas for community events and a system of interconnected pathways to draw pedestrians and cyclists into downtown.
- ☑ Queen Anne and Dorchester Counties are in the midst of extensive economic development projects that will attract events, festivals and fun for tourists, who may migrate to these new areas with their many hotels, restaurants, boat slips, and availability of short-term rental housing.
- ☑ Easton has contracted for a new Port Street development project to improve the marina and entice boaters, and Ferry Bridge Marina in Trappe is usually sold out, with a waiting list for slips, lifts, and indoor winter storage.

The word is out about these plans. Tourists will migrate to these "new" areas with their many attractions and easy availability of short-term rental housing, hotel rooms and marina slips. We must prepare for the very real possibility that some of our established businesses and major draws to our area could be persuaded to relocate. Perhaps we should proactively prepare for these developments by fortifying our own offerings.

We must keep up! Planning for long-term economic development takes many years and, if we are not careful, we could squander our lead and our great amenities. We must come together and work on a comprehensive plan to upgrade everything. And of course, we must maintain or even increase our current advertising and marketing strategies, or no one will know we made any improvements.

From: Michael Hoffmann <mhoffmann@perrycabinresorts.com>
Sent: Wednesday, April 21, 2021 1:01 PM
To: jweisman@stmichaelsmd.gov
Subject: Attn: Commissioners of St. Michaels
Attachments: Letter for Commissioners 2021.jpg



April 21, 2021

Commissioners of St. Michaels
300 Mill Street
St. Michaels, MD 21663

Dear Commissioners,

The context of your conversations on reducing the Marketing & Advertising budget for the town has been brought to my attention. A reduction of the 2019 dollars spent from \$150,000 to \$40,000 in 2021, is a 74% reduction coming out of a pandemic, is entirely incomprehensible and shows a lack of appreciation and understanding of what these dollars do for our town.

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This is a short-term gain with long term repercussions for all of us. I am happy to meet with any of you to review our concerns in person as it will impact the economic vitality of St. Michaels.

Sincerely,

From: David Breimhurst <dbreimhurst@stmichaelsmd.gov>
Sent: Tuesday, April 20, 2021 4:14 PM
To: Jean Weisman
Subject: Re: Tourism Budget Cut proposed

Hi Jean—

I feel it would be helpful for the commissioners to have a copy of the county code regarding the collection of the accommodation tax as this discussion moves forward.

David

§ 172-9 Deduction for administrative costs.

From the total proceeds collected from the tax by the County Council, the County Council shall deduct a reasonable sum or percentage for the cost of imposing, collecting and disbursing the tax and credit their deduction to the general funds of the County, which percentage for administrative costs shall not exceed 5% of the total proceeds collected.

§ 172-10 Payment to municipal governing bodies.

That portion of the remainder of the total proceeds which came from payments made by a hotel, motel or similar place located in whole or in part within the corporation limits of a municipal corporation in the County or located within a one-mile radius of the corporate limits of a municipal corporation in the County shall be paid over to the governing body of the municipal corporation to be used to alleviate costs associated with tourism.⁽¹⁾

[1]

Editor's Note: See Ch. 24, Boards, Committees and Commissions, Art. II, Board of Tourism.

§ 172-11 Appropriation in budget.

The net proceeds of the tax available to the County government, after payment of the portion due a municipality under the preceding section, shall be appropriated in the annual budget so as to promote or support the travel and tourism industry and/or economic development (activities) in Talbot County.

On Apr 20, 2021, at 11:38 AM, St Michaels Business Association <smbamd@gmail.com> wrote:

75 burgers every second, 4,500 burgers every minute, 270,000 every hour, 6.48 million every day, and 2.36 billion burgers every year.

This is how many burgers it's estimated that McDonald's sells. They spend roughly 447 million dollars a year in advertising. They know the benefits of advertising and continue to advertise even though they ARE a "household name".

I watched the budget video from Friday from start to end. While I understand doing an annual budget, particularly in these unprecedented times, has made it more difficult, reducing the advertising budget, especially by the proposed reduction of \$100,000, would negatively impact the businesses of St. Michaels for years to come.

The Town of St. Michaels is a thriving town because of the businesses, not just for visitors but also for the residents. Take away the businesses, restaurants, museums, hotels, inns, bed and breakfasts and you will have a deserted town.

The advertising funds are derived from the 4% Accommodations and Amusement tax, which per the County code "shall be appropriated in the annual budget so as to promote or support the travel and tourism industry and/or economic development."

To quote an email received from Will Workman, he sums it up:

"The attempt by the SM Commissioners to siphon off the revenue derived from the county room tax is a violation of the language used by the county when the room taxes were enacted over 30 years ago. My two inns (GBH and the Parsonage Inn) generate about \$20K in room taxes each year, so the total including the Inn at Perry Cabin, SM Harbour Inn, Old Brick Inn and others probably generates \$250K or more each year in room taxes. This revenue was to support tourism - not repairing streets or other ways the town could spend the money. The funds should not be rolled into the general funds by the town commissioners. This may require a legal opinion on the limitations imposed by the language in the legislation that enacted the 3% room tax and then increased to 4% about 15 years ago. We can argue over what is prudent for the town to spend to promote tourism - but the legal boundaries on what the town can do to redirect or use the room taxes for something different than the enabling legislation may be the most important factor. Just a Long-time Innkeeper in St. Michaels > > Will Workman"

We trust that you will continue to fund the advertising budget.

thank you

Kind Regards,
Kim Hannon, President

St. Michaels Business Association

Office Address: 1110 S. Talbot Street Suite #8
(2nd Level between Sam's Restaurant & Balanced Care Physical Therapy)
P.O. Box 1221
St. Michaels, MD 21663
Tel. 410.745.0411
Fax 410.745.0412
smbamd@gmail.com
Facebook: [Visit St. Michaels](#)
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From: St Michaels Business Association <smbamd@gmail.com>
Sent: Tuesday, April 20, 2021 11:39 AM
To: jharrod@stmichaelsmd.gov; tdupont@stmichaelsmd.gov;
dbreimhurst@stmichaelsmd.gov; jwindon@stmichaelsmd.gov;
mbibb@stmichaelsmd.gov
Cc: jweisman@stmichaelsmd.gov; Kimberly Weller; Will Workman
Subject: Tourism Budget Cut proposed

75 burgers every second, 4,500 burgers every minute, 270,000 every hour, 6.48 million every day, and 2.36 billion burgers every year.

This is how many burgers it's estimated that McDonald's sells. They spend roughly 447 million dollars a year in advertising. They know the benefits of advertising and continue to advertise even though they ARE a "household name".

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The advertising funds are derived from the 4% Accommodations and Amusement tax, which per the County code "shall be appropriated in the annual budget so as to promote or support the travel and tourism industry and/or economic development."

To quote an email received from Will Workman, he sums it up:

"The attempt by the SM Commissioners to siphon off the revenue derived from the county room tax is a violation of the language used by the county when the room taxes were enacted over 30 years ago. My two inns (GBH and the Parsonage Inn) generate about \$20K in room taxes each year, so the total including the Inn at Perry Cabin, SM Harbour Inn, Old Brick Inn and others probably generates \$250K or more each year in room taxes. This revenue was to support tourism - not repairing streets or other ways the town could spend the money. The funds should not be rolled into the general funds by the town commissioners. This may require a legal opinion on the limitations imposed by the language in the legislation that enacted the 3% room tax and then increased to 4% about 15 years ago. We can argue over what is prudent for the town to spend to promote tourism - but the legal boundaries on what the town can do to redirect or use the room taxes for something different than the enabling legislation may be the most important factor. Just a Long-time Innkeeper in St. Michaels > > Will Workman"

We trust that you will continue to fund the advertising budget.

thank you

Kind Regards,
Kim Hannon, President

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Office Address: 1110 S. Talbot Street Suite #8

(2nd Level between Sam's Restaurant & Balanced Care Physical Therapy)

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St. Michaels, MD 21663

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From: jaime windon <jwindon@stmichaelsmd.gov>
Sent: Monday, April 19, 2021 9:49 PM
To: Jean Weisman
Subject: Fwd: PROPOSED MAJOR BUDGET CUTS TO ST. MICHAELS ADVERTISING BUDGET - PLEASE READ AND WATCH VIDEO

Hi Jean:

Please share the email below with the commissioners — I think Mr. Workman makes a valid (and potentially irrefutable point) regardless of where one may stand on the issue of determining the funding for the marketing budget...to reiterate my position from Friday's meeting, I think it is very important to hear not only from the business owners, but the hotel + lodging properties (that in fact generate the tax) when determining how to appropriately allocate these funds.

To be clear, this email was forwarded to me (not sent directly to me from Mr Workman) — and for the last 3 hours I have fielded multiple calls and texts on this issue, clearly a result of the SMBA sending out their original email earlier this afternoon.

I am not a current member of the SMBA, so I didn't even get the email blast (at the very bottom) and I have not had the opportunity to speak with Kim Hannon yet, but I certainly heard and learned a lot this evening.

— Jaime

----- Forwarded message -----

From: Will Workman <willworkman@atlanticbb.net>
Date: Mon, Apr 19, 2021 at 6:03 PM
Subject: Re: PROPOSED MAJOR BUDGET CUTS TO ST. MICHAELS ADVERTISING BUDGET - PLEASE READ AND WATCH VIDEO
To: St Michaels Business Association <smbamd@gmail.com>
Cc: kim Hannon <hannonforhannon@yahoo.com>, John Marrah <JMarrah2@gmail.com>, Pete Leshner <PLeshner@talbgov.org>, george wilson <gwilson1120@gmail.com>

SMBA Members - The attempt by the SM Commissioners to siphon off the revenue derived from the county room tax is a violation of the language used by the county when the room taxes were enacted over 30 years ago. My two inns (GBH and the Parsonage Inn) generate about \$20K in room taxes each year, so the total including the Inn at Perry Cabin, SM Harbour Inn, Old Brick Inn and others probably generates \$250K or more each year in room taxes. This revenue was to support tourism - not repairing streets or other ways the town could spend the money. The funds should not be rolled into the general funds by the town commissioners. This may require a legal opinion on the limitations imposed by the language in the legislation that enacted the 3% room tax and then increased to 4% about 15 years ago. We can argue over what is prudent for the town to spend to promote tourism - but the legal boundaries on what the town can do to redirect or use the room taxes for something different than the enabling legislation may be most important factor.

Just a Long-time Innkeeper in St. Michaels >> Will Workman

On 4/19/2021 4:32 PM, St Michaels Business Association wrote:

Hi, I am writing to let all of you know that the Commissioners of St. Michaels have been discussing slashing the annual advertising budget from \$140,000 to \$40,000! YES, slashing it \$100,000 - 70% CUT.

Here's the video starting around the time when Commissioner Jaime Windon discusses the ramifications of cutting the budget so drastically.

Start [this video](#) around minute .50 for discussion.

The upcoming meeting to discuss and possibly vote on this major advertising cut has not been set yet, as soon as I find out I will send the meeting information.

Kind Regards,
Kim Hannon, President

St. Michaels Business Association

Office Address: 1110 S. Talbot Street Suite #8

(2nd Level between Sam's Restaurant & Balanced Care Physical Therapy)

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Fax 410.745.0412

smbamd@gmail.com

Facebook: [Visit St. Michaels](#)

www.stmichaelsmd.org

jweisman@stmichaelsmd.gov

From: bobhockaday@verizon.net
Sent: Monday, April 19, 2021 9:09 PM
To: Jharrod@stmichaelsmd.gov; Jwindon@stmichaelsmd.gov; Tdupont@stmichaelsmd.gov; Mbibb@stmichaelsmd.gov; Dbreimhurst@stmichaelsmd.gov
Cc: 'Robert Hockaday'; jweisman@townofstmichaels.com; kweller@stmichaelsmd.gov; Cassandra Vanhooser; khannon@paxcos.com
Subject: Recent Budget Work Session- Town of St Michaels MD

Good evening Commissioners,

I just had the opportunity to listen and view your most recent Budget Workshop.....First and foremost I want to thank each and everyone of you for your service to the Town of St Michaels.

As a Business Owner and a Property Owner in the Town of St Michaels I am very concerned about the recent discussions to significantly cut the Tourism Budget advertising dollars. I would welcome the opportunity to discuss with you individually or collectively my thoughts and perspectives with regards to the impact that this type of cut would have on our already fragile Business Community. As many of you I am sure are aware, the past 13 months have been extremely difficult on our Restaurant and Hotel Industry, not to mention our "Main Street" merchants. While I am certainly respectful of the need to always Balance Budgets and reevaluate priorities, I believe there are other ways in which to accomplish those goals.

I welcome an opportunity for the Business Community to have a part in these discussions prior to any action- Please advise how I may help facilitate a discussion with the Community that will be affected-

Kind regards-
Bob Hockaday
410-340-2587 cell

jweisman@stmichaelsmd.gov

From: bobhockaday@verizon.net
Sent: Monday, April 19, 2021 8:46 PM
To: jweisman@townofstmichaels.com
Cc: 'Robert Hockaday'
Subject: FW: PROPOSED MAJOR BUDGET CUTS TO ST. MICHAELS ADVERTISING BUDGET - PLEASE READ AND WATCH VIDEO

Jean-

Please forward me over a list of amounts received by The Town of St Michaels for the past several fiscal years of Admissions/Amusement/Accommodation's Income- additionally if you do have a "Budget for FY 21/22" of these projected dollars I would appreciate seeing this as well-

Thanks loads!
Best
Bob Hockaday
410-340-2587 cell

From: smba-email-group@googlegroups.com <smba-email-group@googlegroups.com> **On Behalf Of** St Michaels Business Association
Sent: Monday, April 19, 2021 4:32 PM
To: St Michaels Business Association <smbamd@gmail.com>
Subject: PROPOSED MAJOR BUDGET CUTS TO ST. MICHAELS ADVERTISING BUDGET - PLEASE READ AND WATCH VIDEO

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Kind Regards,
Kim Hannon, President

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